



# IMPLEMENTING THE SAA FOR THE NEXT DECADE

ASSET ALLOCATION AND FUND SELECTIONS

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The new Strategic Asset Allocation (SAA) provided by Hymans Robertson has been applied to the Liontrust MA Blended and MA Dynamic Passive fund ranges. This document explains the new SAA, the wider range of asset allocations, how it has been implemented and the changes to the underlying funds.

The highlights are:

- Exposure to high yield and corporate bonds has been increased; exposure to gilts has been reduced
- 'UK property' has been replaced by the 'alternative investments' asset class including infrastructure vehicles, real estate investment trusts, commodities, index-linked gilts and cash
- ETFs from two new managers have been added

Today's world presents many challenges and opportunities for investors. Financial markets are becoming ever more complicated and faster moving, while shifting megatrends, such as deglobalisation, add to the complexity. In recognition of the need to adapt to this environment, we want a Strategic Asset Allocation (SAA) for the next

decade, when the drivers of successful investing will be different from those of the last 10 years. This will require greater flexibility over asset allocation and access to more asset classes.

Determining the SAAs for our Funds and Portfolios is the first stage in the Liontrust Multi-Asset (MA) investment process. These are the default asset allocations should the fund managers have no views about the relative attractiveness of different asset classes. They are based on analysis of the historical returns, volatility and correlations of a range of asset classes, and other market dynamics.

Each Multi-Asset Fund and Portfolio has its own SAA to match its respective suitability which, in the context of risk-profiled funds, focuses primarily on the investment risk preferences of investors. Our SAAs also have a long-term (15 years) time horizon.

## REBALANCING OUR SAAs

We review the SAAs for our MA Fund range in Q1 annually. Subsequent to the latest review, early in March 2023 we undertook a rebalance of the Liontrust MA Dynamic Passive and Blended Funds.

This followed our decision earlier this year to appoint Hymans Robertson (Hymans) to calculate the SAAs for our Multi-Asset Solutions following a detailed review.

Hymans will provide us with three key attributes, including scale and expertise, an enhanced partnership and improved modelling. It has a near 100-year history in financial services and extensive experience of partnering with trustees and financial companies. It

provides access to a large team of professionals and systems that give us the best chance of attaining and maintaining suitability for financial advisers and their clients. This will be aided by the greater detail and enhanced timeliness of the bespoke responses we will receive and the depth of our interactions with Hymans. On an annual basis, our asset mix will be reviewed with Hymans to help construct the next set of SAAs, ensuring optimal diversification.

Highlights of our new allocation changes, which are outlined in more detail below, include increasing exposure to high yield and corporate bonds, the replacement of some property exposure with a broader basket of alternatives, and a reduction in exposure to gilts, where more finesse will be applied to duration.

# ENHANCEMENTS TO OUR SAAs

As our previous Fund SAAs were based on 15-year expectations and followed a similar bespoke risk profile approach there is not a dramatic change in the approach to the creation of the SAAs. However, the new SAAs do contain several enhancements over their predecessors. For example, our partnership with Hymans will provide the capability to create bespoke Liontrust features in the portfolio design process. We continuously look to enhance our SAAs to obtain a more accurate reflection of what our MA portfolios can trade and we expect to extend this range to more sub-asset classes.

Hymans' Economic Scenario Service will provide for our selection a greater suite of asset classes and more variability within the asset classes. For example, Hymans has created a bespoke model for an "alternative investments" asset class through a combination of listed and unlisted infrastructure vehicles, global and UK real estate investment trusts, commodities, index-linked gilts and cash. This will replace our current use of UK property within the SAA and enables larger and more diversified allocations to alternative investments in lower-risk funds. Additionally, there is greater nuance in the fixed income allocation, with the introduction of short duration gilts alongside the broader gilts index as well as exposure to global high yield credit.

We also anticipate that Hymans will be able to help us respond more effectively to market developments. The utility function used

for optimisation by Hymans has a robust approach to determining efficient portfolios. The model uses a scoring algorithm that depends on a variety of risk and return metrics tailored to fit our objectives. Higher-risk profiles will have more emphasis on the upside metrics, such as expected return, while lower-risk profiles will emphasise downside risk metrics like drawdown. For example, in an environment such as the rising rates and higher market volatility seen in 2022, the Hymans model would have captured the higher relative maximum drawdown in medium duration gilts (around 14 years) versus short duration gilts (around four years) and would have allocated away from longer duration assets.

Furthermore, Hymans recognises that investors increasingly want their investments to contribute to a better world, supporting the environment and human welfare. This means SAAs will also need to integrate Environmental, Social and Governance (ESG) factors into their processes. Hymans is working on whether premiums should be ascribed to assets that score well from an ESG perspective, which will help to 'future proof' our models further.

In summary, we believe our MA portfolios will be known for offering SAAs based on sophisticated analysis that gives access to one of the broadest ranges of asset and sub-asset classes available in the market and provides the flexibility to respond to market trends in a timely manner.

## TACTICAL ASSET ALLOCATION UPDATE


When the Multi-Asset Investment team perceives there to be meaningful departures of market pricing from fundamentals, they may decide to exploit these mispriced securities through Tactical Asset Allocation (TAA).

As per our normal quarterly cycle, we updated our TAA views in February. TAA is the process through which the Multi-Asset Investment team has an overweight or underweight exposure to an asset class or sub-asset class versus the SAA. The TAA may increase or decrease overall strategy risk, depending on the Liontrust Multi-Asset team's view of the current stage of the market cycle. Even if the Multi-Asset Investment team decides to adopt a neutral risk position, it is still possible to express a view between asset and sub-asset classes without meaningfully altering the overall portfolio risk from neutral to the SAA. The Multi-Asset Investment team refers to this as an Efficient Allocation (EA).

This is outlined in our latest TAA scorecard, which has a direct influence on our portfolio targets. The Multi-Asset Investment team has a medium-term view – 12 to 18 months – of the prospects for each asset class and this forms the TAA. Each asset class is assigned a rating from one to five, with one most bearish and five most bullish. TAA is the target (not the actual position) for every asset class and the investment team builds towards this within the Funds and Portfolios over time. Having a 12 to 18-month view means the team will increase positions when the valuations of the asset classes are attractive; its core approach is to buy low and it will not overpay for assets, however highly they score.

Changes in our latest version (highlighted in green below in our Q1 2023 scorecard) are more positive than they have been for some time. Our overall ranking on markets has been raised from three to four, which we seriously considered doing in Q4 2022 because of a change in the underlying tone of markets. We have also raised our overall equity score from three to four, both European equity and UK gilts from two to three, and emerging market debt (EMD) from three to four. These two fixed income upgrades follow our only changes last quarter, which were to increase the score of high-yield fixed income from a three to a four and investment grade credit back up to three after lowering it earlier in 2022. High yield represents the relatively low credit quality borrowers and, as a result, investors cannot consider it to be a 'safe haven' in the way government bonds have been considered traditionally. The quantum of yields available from this asset class, however, presently offers ample reward in our opinion for the lower credit quality.

The next stages of our investment process include fund selection and portfolio construction. We select funds based on our analysis of their investment processes and, in the case of actively-managed funds, the degree of knowledge, experience and incentivisation of their managers. Portfolio construction takes input from our TAA and our manager selection process (either passive or active managers). We assess the target weights' expected volatility to ensure that the targeted positioning is consistent with our Funds' particular risk bands. We want to ensure that the underlying funds are exposed to the segments of the market we feel have the most potential for outperformance while reducing unintended risk. Defaqto monitors our Funds to ensure they adhere to their required risk bands.

						
	1	2	3	4	5	Direction of travel
<b>Overall</b>				•		↻
<b>Cash</b>		•				↻
<b>UK gilts</b>			•			↻
Global government bonds			•			↻
Investment grade corporate bonds			•			↻
Index-linked bonds		•				⬇
High yield				•		↻
Emerging market debt				•		↻
Convertibles			•			⬇
<b>Equity overall</b>				•		↻
US equity			•			↻
US small caps			•			⬇
UK equity				•		↻
UK small caps				•		↻
European equity			•			↻
European small caps		•				⬇
Japanese equity			•			⬇
Japanese small caps			•			⬇
Emerging markets equity				•		⬇
Asian equity				•		⬇
<b>Real assets</b>			•			↻
<b>Alternatives</b>			•			↻

Source: Liontrust, as at 20 February 2023. Not all the asset classes are used in all the MA portfolios and funds

We believe now is an attractive entry point for high yield and corporate bonds because of the spreads that are available versus government bonds. Global high-yield spreads are now comparable to levels seen in 2016 and the Covid pandemic.

The yields are sufficiently rewarding to compensate for potentially higher default levels. High-yield assets tend to have shorter durations than government bonds, so this will help reduce our interest rate sensitivity at the margin.

The yields on gilts have drifted to above 3% and these could continue to rise in line with base rates. They now offer the prospect of delivering real yields over the medium term once the inflationary spike abates. We remain neutral on them, however. We do not expect them to be a substantial driver of portfolio returns. The bias of

risk still leans to the upside for their yields (or the downside in price terms), especially if higher inflation persists.

We retain a shorter duration position in our fixed income allocation overall as central banks prevaricate over the timing and extent of rate rises and tapering.

We have also trimmed exposure to UK equities, although we remain overweight in the region under the limits of our new SAA, while applying modest increases in US, European, Asian and emerging market equities.

We have also added ETFs from two new managers, including Lyxor and WisdomTree, to both Blended and Dynamic Passive Funds.

The high-level asset allocations of our Funds are outlined in the output from this detailed process, including the portfolio asset class, sub asset class and manager targets. Tables One and Two below outline the high-level asset allocations in our MA Blended and Dynamic Passive Funds.

**Table 1: Changes to target asset allocations for our MA Blended Funds**

	Reserve	Moderate	Intermediate	Progressive	Growth
<b>Total Equity</b>	-9.0%	-9.5%	-4.0%	-6.5%	-9.0%
<b>Total Fixed Interest</b>	-5.0%	8.0%	5.5%	9.0%	13.0%
<b>Total Alternatives</b>	4.0%	0.5%	-1.5%	-2.5%	-4.0%
<b>Total Cash</b>	10.0%	1.0%	0.0%	0.0%	0.0%

	Reserve	Moderate	Intermediate	Progressive	Growth
<b>Total UK Equity</b>	-8.5%	-11.0%	-12.2%	-15.8%	-18.8%
<b>Total North American Equity</b>	0.1%	1.2%	3.3%	4.3%	5.7%
<b>Total Europe (ex UK) Equity</b>	0.7%	0.9%	1.8%	2.1%	2.1%
<b>Total Japanese Equity</b>	-2.6%	-3.9%	-4.8%	-5.4%	-6.9%
<b>Total Developed Pacific (ex Japan) Equity</b>	0.4%	0.8%	2.8%	2.9%	3.5%
<b>Total EM Equity</b>	1.0%	2.5%	5.1%	5.4%	5.4%
<b>Total UK Fixed Interest Gilts</b>	-25.0%	-19.0%	-8.0%	2.0%	0.0%
<b>Total UK Index Linked Gilts</b>	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Total UK Corporate Bonds</b>	13.0%	19.5%	11.5%	4.5%	5.5%
<b>Total Global Aggregate Fixed Income</b>	-9.0%	-7.0%	-7.5%	-6.0%	-1.0%
<b>Total Global Convertibles</b>	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Total High Yield</b>	16.0%	14.5%	9.5%	8.5%	8.5%
<b>Total EMD</b>	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Total Commodities</b>	3.2%	1.6%	0.8%	0.4%	0.0%
<b>Total Property</b>	-1.6%	-2.3%	-2.9%	-3.2%	-4.0%
<b>Total Infrastructure</b>	2.4%	1.2%	0.6%	0.3%	0.0%
<b>Total Cash</b>	10.0%	1.0%	0.0%	0.0%	0.0%

**Table 2: Changes to target asset allocations for our MA Dynamic Passive Funds**

	Prudent	Reserve	Moderate	Intermediate	Progressive	Growth	Adventurous
<b>Total Equity</b>	-14.0%	-9.0%	-9.5%	-4.0%	-6.5%	-9.0%	-1.6%
<b>Total Fixed Interest</b>	22.0%	-5.0%	8.0%	5.5%	9.0%	13.0%	1.6%
<b>Total Alternatives</b>	4.0%	4.0%	0.5%	-1.5%	-2.5%	-4.0%	0.0%
<b>Total Cash</b>	-12.0%	10.0%	1.0%	0.0%	0.0%	0.0%	0.0%

	Prudent	Reserve	Moderate	Intermediate	Progressive	Growth	Adventurous
<b>Total UK Equity</b>	-9.4%	-8.5%	-11.0%	-12.2%	-15.8%	-18.8%	-8.6%
<b>Total North American Equity</b>	-3.2%	0.1%	1.2%	3.3%	4.3%	5.7%	9.0%
<b>Total Europe (ex UK) Equity</b>	0.8%	0.7%	0.9%	1.8%	2.1%	2.1%	1.4%
<b>Total Japanese Equity</b>	-3.1%	-2.6%	-3.9%	-4.8%	-5.4%	-6.9%	-7.4%
<b>Total Developed Pacific (ex Japan) Equity</b>	-0.3%	0.4%	0.8%	2.8%	2.9%	3.5%	4.6%
<b>Total EM Equity</b>	1.2%	1.0%	2.5%	5.1%	5.4%	5.4%	-0.6%
<b>Total UK Fixed Interest Gilts</b>	-9.0%	-25.0%	-19.0%	-8.0%	2.0%	0.0%	0.0%
<b>Total UK Index Linked Gilts</b>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Total UK Corporate Bonds</b>	17.0%	13.0%	19.5%	11.5%	4.5%	5.5%	1.6%
<b>Total Global (ex UK) Fixed Income</b>	-2.0%	-9.0%	-7.0%	-7.5%	-6.0%	-1.0%	0.0%
<b>Total Global Convertibles</b>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>High Yield</b>	16.0%	16.0%	14.5%	9.5%	8.5%	8.5%	0.0%
<b>Total EMD</b>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Total Commodities</b>	3.2%	3.2%	1.6%	0.8%	0.4%	0.0%	0.0%
<b>Total Property</b>	-1.6%	-1.6%	-2.3%	-2.9%	-3.2%	-4.0%	0.0%
<b>Total Infrastructure</b>	2.4%	2.4%	1.2%	0.6%	0.3%	0.0%	0.0%
<b>Total Cash</b>	-12.0%	10.0%	1.0%	0.0%	0.0%	0.0%	0.0%

# TRADING ACTIVITY

As with all annual SAA and quarterly TAA rebalances, there have been some necessary portfolio trades. The enhancements to the SAA, including those such as the addition of alternatives and high-yield

bonds outlined above, plus the need to create greater consistency with the asset allocations through the ranges, have resulted in the trading activity outlined in Table 3 below.

**Table 3: Trading Totals in MA Dynamic Passive and MA Blended Funds, Q1 2023**

	<b>Dynamic Passive</b>	<b>Blended</b>
<b>Total trades</b>	<b>149</b>	<b>148</b>
Buys	87	75
Sells	62	73
New investments	Eight	Nine
New managers	Two (Lyxor and WisdomTree)	Two (Lyxor and WisdomTree)
New investments with existing managers	Six (BlackRock/iShares and HSBC)	Seven (BlackRock/iShares, HSBC and Barings)

## Blended Reserve

### BUYS ◀

- Added to corporate bonds through Vanguard UK Investment Grade Bond Index (new position) and iShares Corporate Bond Index
- Added to emerging market equities through L&G Emerging Markets Equity Index
- Added to European equities through Liontrust European Dynamic
- Added to short-duration gilts through a new position: Lyxor UK Government Bond 0 – 5 Year ETF
- Added high-yield debt using a new basket of Barings Global High Yield Bond blended with iShares Global High Yield Corporate Bond
- Added a new alternatives basket through iShares Environment & Low Carbon Tilt Real Estate Index, iShares UK Property ETF, L&G Global Infrastructure Index, iShares Physical Gold ETF and WisdomTree Enhanced Commodity ETF

### SELLS ▶

- Exited direct REIT exposure in Assura, Tritax Big Box REIT, Civitas Social Housing, Primary Health Properties and Supermarket Income REIT
- Exited global bonds through iShares Overseas Government Bond Index
- Reduced UK equity allocation through LF Lindsell Train UK Equity, TB Evenlode Income, Liontrust UK Equity and iShares UK Equity Index
- Reduced Japanese equities through Baillie Gifford Japanese and iShares Japan Equity Index
- Reduced gilts through iShares UK Gilt All Stock Index, L&G All Stock Gilt Index, Vanguard UK Government Bond Index and SPDR 1-5 Year Gilt ETF



## Blended Moderate

### BUYS ◀

- Added to Asia ex Japan equities through Federated Hermes Asia ex-Japan Equity
- Added to corporate bonds through Vanguard UK Investment Grade Bond Index (new position) and iShares Corporate Bond Index
- Added to emerging market equities through BlackRock Emerging Markets and Vontobel mtx Sustainable Emerging Markets Leaders
- Added to European equities through Liontrust European Dynamic
- Added to global bonds through a new position in HSBC Global Aggregate Bond Index
- Added to short-duration gilts through a new position: Lyxor UK Government Bond 0 – 5 Year ETF
- Added high-yield debt using a new basket of Barings Global High Yield Bond blended with iShares Global High Yield Corporate Bond
- Added a new alternatives basket through iShares Environment & Low Carbon Tilt Real Estate Index, iShares UK Property ETF, L&G Global Infrastructure Index, iShares Physical Gold ETF and WisdomTree Enhanced Commodity ETF
- Added to US equities through L&G US Equity Index

### SELLS ▶

- Exited direct REIT exposure in Assura, Tritax Big Box REIT, Civitas Social Housing, Primary Health Properties and Supermarket Income REIT
- Reduced gilts through iShares, L&G All Stock Gilt Index, Vanguard UK Government Bond Index SPDR 1-5 Year Gilt ETF
- Reduced Japanese equities through Baillie Gifford Japanese Fund and iShares Japan Equity Index
- Reduced UK equities through LF Lindsell Train UK Equity Fund, Liontrust UK Equity and iShares UK Equity Index
- Exited global bonds through iShares Overseas Government Bond Index

## Blended Intermediate

### BUYS ◀

- Added to emerging market equities through BlackRock Emerging Markets and Vontobel mtx Sustainable Emerging Markets Leaders blended with L&G Emerging Markets Equity Index
- Added to Asia ex Japan equities through L&G Pacific Index
- Added to corporate bonds through Vanguard UK Investment Grade Bond Index Fund (new position)
- Added to European equities through Liontrust European Dynamic
- Added to global bonds through a new position in HSBC Global Aggregate Bond Index
- Added to short-duration gilts through a new position: Lyxor UK Government Bond 0 – 5 Year ETF
- Added high-yield debt using a new basket of Barings Global High Yield Bond blended with iShares Global High Yield Corporate Bond
- Added to US equity through L&G US Equity Index and Ossiam Shiller Barclays CAPE US Sector Value ETF
- Added a new alternatives basket through iShares Environment & Low Carbon Tilt Real Estate Index, iShares UK Property ETF, L&G Global Infrastructure Index, iShares Physical Gold ETF and WisdomTree Enhanced Commodity ETF

### SELLS ▶

- Exited direct REIT exposure in Assura, Tritax Big Box REIT, Civitas Social Housing, Primary Health Properties and Supermarket Income REIT
- Exited global bonds through iShares Overseas Government Bond Index
- Reduced gilt exposure through iShares, L&G All Stock Gilt Index, Vanguard UK Government Bond Index and SPDR 1-5 Year Gilt ETF
- Reduced UK equity allocation through LF Lindsell Train UK Equity, TB Evenlode Income, Liontrust UK Equity and iShares UK Equity Index
- Reduced Japanese equity allocations through Baillie Gifford Japanese Fund and iShares Japan Equity Index Fund

## Blended Progressive

### BUYS ◀

- Added to emerging market equities through BlackRock Emerging Markets and Vontobel mtx Sustainable Emerging Markets Leaders
- Added to corporate bonds through Vanguard UK Investment Grade Bond Index (new position)
- Added to European equities through Liontrust European Dynamic
- Added to global bonds through a new position in HSBC Global Aggregate Bond Index
- Added to short-duration gilts through a new position: Lyxor UK Government Bond 0 – 5 Year ETF and adding to SPDR 1-5 Year Gilt ETF
- Added high-yield debt using a new basket of Barings Global High Yield Bond blended with iShares Global High Yield Corporate Bond
- Added a new alternatives basket through iShares Environment & Low Carbon Tilt Real Estate Index, iShares UK Property ETF, L&G Global Infrastructure Index, iShares Physical Gold ETF and WisdomTree Enhanced Commodity ETF
- Added to US equities through L&G US Equity Index

## Blended Growth

### BUYS ◀

- Added high-yield debt using a new basket of Barings Global High Yield Bond blended with iShares Global High Yield Corporate Bond
- Added to emerging market equities through BlackRock Emerging Markets and Vontobel mtx Sustainable Emerging Markets Leaders blended with L&G Emerging Markets Equity Index
- Added to Asia ex-Japan equities through Federated Hermes Asia ex-Japan Equity and L&G Pacific Index
- Added to US equities through L&G US Equity Index and Ossiam Shiller Barclays CAPE US Sector Value ETF
- Added to European equities through Liontrust European Dynamic
- Added to corporate bonds through Vanguard UK Investment Grade Bond Index (new position) and iShares Corporate Bond Index

### SELLS ▶

- Exited direct REIT exposure in Assura PLC, Tritax Big Box REIT, Civitas Social Housing, Primary Health Properties and Supermarket Income REIT
- Exited global bonds through iShares Overseas Government Bond Index
- Reduced UK equities through LF Lindsell Train UK Equity, TB Evenlode Income Fund, Liontrust UK Equity and iShares UK Equity Index
- Reduced Japanese equity allocations through Baillie Gifford Japanese and iShares Japan Equity Index
- Reduced corporate bonds through iShares Corporate Bond Index

### SELLS ▶

- Exited direct REIT exposure in Assura, Tritax Big Box REIT, Civitas Social Housing, Primary Health Properties and Supermarket Income REIT
- Exited global bonds through iShares Overseas Government Bond Index
- Reduced Japanese equities through Baillie Gifford Japanese, Man GLG Japan Core Alpha and iShares Japan Equity Index
- Reduced UK equities through Lindsell Train, Evenlode and Liontrust UK Equity and iShares tracker

## Dynamic Passive Prudent

### BUYS ◀

- Added to corporate bonds through Vanguard UK Investment Grade Bond Index (new position) and iShares Corporate Bond Index
- Added to emerging market equities through iShares Emerging Markets Equity Index
- Added to European equities through iShares Continental European equity Index
- Added to global bonds through HSBC Global Aggregate Bond Index
- Added a new high-yield debt basket using iShares Fallen Angels High Yield Corporate Bond ETF, iShares Global High Yield Corporate Bond ETF and BlackRock Global High Yield Sustainable Credit Screened
- Added a new alternatives basket through iShares UK Property ETF, iShares Physical Gold ETF and WisdomTree Enhanced Commodity ETF
- Added to short duration gilts through a new position: Lyxor UK Government Bond 0-5 Year ETF and adding to SPDR 1-5 Year Gilt ETF

### SELLS ▶

- Reduced gilts exposure in iShares UK Gilts All Stocks Index, L&G All Stocks Gilt Index Fund and Vanguard UK Government Bond Index
- Exited global bonds through iShares Overseas Government Bond Index
- Reduced Japanese equities through HSBC Japan Index and iShares Japan Equity Index
- Reduced money market exposure through JPM GBP Standard Money Market
- Reduced REIT exposure through iShares Environment & Low Carbon Tilt Real Estate Index
- Reduced UK equities through HSBC FTSE All Share Index, iShares UK Equity Index and L&G UK Index
- Reduced US equities exposure through L&G US Index

## Dynamic Passive Reserve

### BUYS ◀

- Added to corporate bonds through Vanguard UK Investment Grade Bond Index (new position) and iShares Corporate Bond Index
- Added to emerging market equities through iShares Emerging Markets Equity Index
- Added to European equities through iShares Continental European equity Index
- Added to global bonds through HSBC Global Aggregate Bond Index
- Added a new high-yield debt basket using iShares Fallen Angels High Yield Corporate Bond ETF, iShares Global High Yield Corporate Bond ETF and BlackRock Global High Yield Sustainable Credit Screened
- Added a new alternatives basket through iShares UK Property ETF, iShares Physical Gold ETF and WisdomTree Enhanced Commodity ETF
- Added to short duration gilts through a new position: Lyxor UK Government Bond 0-5 Year ETF

### SELLS ▶

- Reduced gilt exposure in iShares UK Gilts All Stocks Index, L&G All Stocks Gilt Index and Vanguard UK Government Bond Index
- Exited global bonds through iShares Overseas Government Bond Index
- Exited HSBC Corporate Bonds
- Reduced Japanese equities through iShares Japan Equity Index
- Reduced REIT exposure through iShares Environment & Low Carbon Tilt Real Estate Index
- Reduced UK equities allocation through iShares UK Equity Index and L&G UK Index

## Dynamic Passive Moderate

### BUYS ◀

- Added to Asia Pacific ex Japan equities through L&G Pacific Index
- Added to corporate bonds through Vanguard UK Investment Grade Bond Index (new position) and iShares Corporate Bond Index
- Added to emerging market equities through iShares Emerging Markets Equity Index
- Added to European equities through iShares Continental European equity Index
- Added to global bonds through HSBC Global Aggregate Bond Index
- Added to short duration gilts through a new position: Lyxor UK Government Bond 0-5 Year ETF
- Added a new high-yield debt basket using iShares Fallen Angels High Yield Corporate Bond ETF, iShares Global High Yield Corporate Bond ETF and BlackRock Global High Yield Sustainable Credit Screened
- Added a new alternatives basket through iShares UK Property ETF, iShares Physical Gold ETF and WisdomTree Enhanced Commodity ETF
- Added to US equity exposure through HSBC American Index

### SELLS ▶

- Exited HSBC Sterling Corporate Bonds
- Reduced gilt exposure in iShares UK Gilts All Stocks Index, L&G All Stocks Gilt Index Fund and Vanguard UK Government Bond Index
- Exited global bonds through iShares Overseas Government Bond Index
- Reduced Japanese equity allocations through HSBC Japan Index and iShares Japan Equity Index
- Reduced REIT exposure through iShares Environment & Low Carbon Tilt Real Estate Index
- Reduced UK equities allocation through HSBC FTSE All Share Index, iShares UK Equity Index and L&G UK Index

## Dynamic Passive Intermediate

### BUYS ◀

- Added to Asia Pacific ex Japan equities through L&G Pacific Index
- Added to corporate bonds through Vanguard UK Investment Grade Bond Index (new position), iShares Corporate Bond Index and HSBC Sterling Corporate Bond
- Added to emerging market equities through iShares Emerging Markets Equity Index
- Added to European equities through iShares Continental European equity Index
- Added to global bonds through HSBC Global Aggregate Bond Index
- Added to short duration gilts through a new position: Lyxor UK Government Bond 0-5 Year ETF
- Added a new high-yield debt basket using iShares Fallen Angels High Yield Corporate Bond ETF, iShares Global High Yield Corporate Bond ETF and BlackRock Global High Yield Sustainable Credit Screened
- Added a new alternatives basket through iShares UK Property ETF, iShares Physical Gold ETF and WisdomTree Enhanced Commodity ETF
- Added to US equity exposure through L&G US Index

### SELLS ▶

- Exited HSBC Sterling Corporate Bonds
- Reduced gilts exposure in iShares UK Gilts All Stocks Index, L&G All Stocks Gilt Index and Vanguard UK Government Bond Index
- Reduced Japanese equities through HSBC Japan Index and iShares Japan Equity Index
- Reduced REIT exposure through iShares Environment & Low Carbon Tilt Real Estate Index
- Reduced UK equities through HSBC FTSE All Share Index, iShares UK Equity Index and L&G UK Index

## Dynamic Passive Growth

### BUYS ◀

- Added to Asia Pacific ex Japan equities through L&G Pacific Index
- Added to corporate bonds through Vanguard UK Investment Grade Bond Index (new position) and iShares Corporate Bond Index
- Added to emerging market equities through iShares Emerging Markets Equity Index
- Added to European equities through HSBC European Index
- Added a new high-yield debt basket using iShares Fallen Angels High Yield Corporate Bond ETF, iShares Global High Yield Corporate Bond ETF and BlackRock Global High Yield Sustainable Credit Screened
- Added to US equities through L&G US Index and HSBC American Index

### SELLS ▶

- Exited global bonds through iShares Overseas Government Bond Index
- Exited HSBC Sterling Corporate Bonds
- Reduced Japanese equities through HSBC Japan Index and iShares Japan Equity Index
- Exited REIT exposure in iShares Environment & Low Carbon Tilt Real Estate Index
- Reduced UK equities through HSBC FTSE All Share Index, iShares UK Equity Index and L&G UK Index

## Dynamic Passive Adventurous

### BUYS ◀

- Added to Asia Pacific ex Japan equities through HSBC Pacific Index and L&G Pacific Index
- Added to corporate bonds through Vanguard UK Investment Grade Bond Index (new position) and iShares Corporate Bond Index
- Added to European equities through iShares Continental European Equity Index
- Added to US equities through L&G US Index and HSBC American Index

### SELLS ▶

- Reduced Japanese equities through HSBC Japan Index and iShares Japan Equity Index
- Reduced UK equities allocation through HSBC FTSE All Share Index, iShares UK Equity Index and L&G UK Index



**For a comprehensive list of common financial words and terms, see our glossary at:**  
[www.liontrust.co.uk/benefits-of-investing/guide-financial-words-terms](http://www.liontrust.co.uk/benefits-of-investing/guide-financial-words-terms)

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